

INFORMATION LETTER

NATIONAL CANNERS ASSOCIATION

Not for
Publication

For Members
Only

No. 1704

Washington, D. C.

October 25, 1958

Dr. Somers Delivers Paper at Dietetic Assn. Meeting

Dr. Ira I. Somers, Director of the N.C.A. Research Laboratories, delivered a paper on "New and Promising Developments in Food Processing" at the 41st annual meeting of the American Dietetic Association, in Philadelphia October 22.

The paper covered developments in canning, freezing, dehydration, preservation with antibiotics, and radiation sterilization.

In his review of canning techniques Dr. Somers cited agitating cookers, spin cookers, aseptic canning, and high temperature-short time sterilization as improvements on "conventional" canning methods which are already in use commercially and proving useful in improving quality, flavor, and nutrient retention. He said that these techniques offer promise of even further improvement in the future.

Voluntary Food Law Actions

One hundred and forty-one individual plant improvements costing over \$11 million were made voluntarily by food and drug firms during the fiscal year 1958, to aid in protecting the public, the Food and Drug Administration reports.

In addition, more than 4 million pounds of unfit foods and \$159,000 worth of unfit drugs were removed from market channels in 1,173 voluntary corrective actions, FDA said.

Commenting on the year's results, Shelby T. Grey, Director of FDA's Bureau of Program Planning and Appraisal, said:

"Statistics on court actions alone do not tell the story of consumer protection under the Federal Food, Drug, and Cosmetic Act. Voluntary actions by industry to comply with the law are also a part of this story.

"Improved plant practices and facilities reduce the possibilities of adulterating or misbranding products. Voluntary owner destruction provides efficient and immediate consumer protection."

FDA emphasized that its compliance report covers only actions observed

Much work remains to be done, the paper states, before antibiotics may be safely used, with mild heat. Of radiation sterilization it is said that "of all methods of food preservation, none has been accompanied by more glamour and speculation, until it is difficult to cut through to the facts to see just where we stand. The confusion is increased by a lack of agreement among recognized authorities as to its present and potential values.

"Suffice it to say for the present at least," the paper continues, "foods so sterilized are not on the market and there is no factual indication that they will be, in the early foreseeable future. There remains much research to be done to assure safety, to prevent undesirable side effects, and to make the cost competitive."

The paper, co-authored by Dr. Somers and James M. Reed of the Washington Laboratory, is to be published in the *Journal of the American Dietetic Association*.

by its inspectors, and that many more similar actions were undoubtedly taken by other plants which did not come to their attention. Voluntary corrective actions, it was said, include improvements of sanitary conditions, or of processing and storage practices, and disposal of unfit products.

Apple Products for USDA

USDA announced on October 24 the purchase of 200,200 cases of No. 10 cans of applesauce and 232,000 cases of No. 10 cans of sliced apples with funds transferred by Congress from section 32 for use under the National School Lunch Act. These purchases are the result of offers received in response to USDA's announcement of October 9 and are in addition to the 315,120 cases of applesauce and 252,000 cases of sliced apples purchased October 3.

USDA Plentiful Foods List

The USDA Plentiful Foods List for December includes canned and frozen peas and, for the fourth month, canned ripe olives.

Bankers Report on Trends Affecting Agricultural Credit

The American Bankers Association, in a review of contract farming and its implications to bankers, reports that contract farming helps farmers attain higher income, greater access to capital, and larger businesses with less risk.

The study covers the views of 700 bankers on the credit needs of agriculture, as summarized by the A.B.A.'s Agricultural Commission. It comments that farming is a high risk business but that contractors, by absorbing some of the shock of the market place by price and income guarantees to farmers, have assumed a portion of the farmer's risk.

Entitled *Contract Farming—Its Implications to Banking*, the report states that contract farming has taken several forms, varying with the degree of centralized control, which are known also by such terms as coordination or integration.

Probably no more than 5 percent of the nation's agriculture is presently under contract farming but, it is said, bankers may need to reorient their approach to agricultural credit needs to fit new conditions. The report suggests that banks review current trends toward contract farming in the light of its stabilizing effect on marketing and its reduced risks to bankers.

Following are conclusions of the A.B.A. report:

(1) Contract farm and ranch operations tend to be larger than completely independent units. Capital requirements of the integrator are usually much larger than those of independent farmers. Thus, loan size tends to increase.

(2) Credit demands tend to shift to the bank serving the contracting institution. In some cases, this may mean the country bank will be bypassed.

(3) Loan risk to a banker tends to be reduced when a bank lends to an integrator who in turn helps finance a group of farm customers. Then, if one or more farmers runs into financial trouble, the integrator will generally be able to absorb much of the financial problem without impairing his line of credit with his

bank. From the standpoint of the bank, risk is spread over a larger base of farmers' assets and earnings plus the integrator's assets and earnings. On the other hand, if the same group of farmers borrowed directly from their bank, their individual farm financial problems would be felt directly by their banker and would be more apt to result in delinquent loan collection problems, adverse loan classifications, or write-offs.

(4) Loan risk is reduced on direct loans to farmers when integrators assure farmers of the price to be received for crops and livestock sold. This is particularly true with farmers who produce only one major commodity. It is less important on diversified farms, because a good production year or good prices for one enterprise help offset the chances of a crop failure or low prices for other commodities.

(5) Loan repayment capacity is either increased by improved management and larger units or can be more accurately predetermined because of an assured price.

To meet larger loan requirements and competition from other credit agencies that are trying to get the better farmers as customers, banks

are taking one or more of several steps. Increasing capital strength, particularly in rural banks, has proved helpful. Closer loan participation relationships with correspondent banks and insurance companies are being developed. This has helped small banks handle larger lines of credit to individual farmers as well as to integrated farmers and farm-related businesses.

More and more banks are hiring agriculturally trained men. By so doing, bankers can understand the management problems of modern agriculture, including contract farming, a little better. One or more bank officers or potential officers with a background of practical and formal training in agriculture can be the most important single factor in meeting bigger and longer credit needs of efficient farmers. This group of farmers contributes more to our high level of living. Progressive bankers are interested in serving this group of farmers and keeping them as bank customers. In this way, banks put their communities' savings to work where they will do the most good. This is also in the best long-run interest of banks. As a community prospers, so does its bank—with more deposits and higher quality loans.

Utilization of Potatoes

Potatoes from the 1957 crop sold for processing totaled 41,256,000 hundredweight and amounted to 17 percent of the total 1957 production, according to the Crop Reporting Board of USDA.

The utilization of potatoes in processing in 1957 was down 4 percent from 1956, chiefly because of a sharp drop in the consumption of potatoes in starch and flour. Use of potatoes in frozen french fries also was smaller in 1957 than in 1956, but other processed food products used more potatoes in 1957 than in 1956.

Canned potatoes, while accounting for less than a tenth of the total utilization, consumed about 22 percent more potatoes in 1957 than in 1956. Other canned products in 1957 used about 7½ percent more potatoes than in 1956.

Utilization of potatoes for table stock was 142,607,000 hundredweight or 58½ percent of total production in 1956, and was 144,572,000 hundredweight or 60 percent of the total in 1957.

Total sales from the 1957 crop amounted to 87 percent of the production, compared with 85 percent in 1956, 84 percent in 1950, 67 percent in 1940, and 65 percent in 1930. USDA said the percentage has been on the increase "as growing of potatoes became more commercialized."

Meat Canned in Fiscal 1958

The quantity of meat canned and meat products processed under federal inspection during the fiscal year 1958 has been reported by the Agricultural Marketing Service of USDA at 2,138,840,000 pounds, including quantities for defense.

This compares with production of 2,167,722,000 pounds during the fiscal year ended June 30, 1957 (see INFORMATION LETTER of Nov. 30, 1957, page 349).

CANNED MEAT AND MEAT PRODUCTS PROCESSED UNDER FEDERAL INSPECTION FOR FISCAL YEAR, 1958

	3 Lbs. & over	Under 3 Lbs.	Total
(thousands of pounds)			
Luncheon meat...	149,617	123,559	273,175
Canned hams...	237,377	6,044	233,421
Beef hash...	4,278	72,182	76,460
Chili con carne...	8,648	135,383	144,031
Vienna sausage...	2,578	62,671	65,249
Frankfurters and wieners in brine...	155	3,444	3,600
Deviled ham...	10,023	10,023
Other potted and deviled meat products...	28	32,057	32,065
Tamales...	2,118	29,381	31,500
Sliced, dried beef...	381	3,868	4,270
Chopped beef...	98	10,547	10,645
Meat stew...	1,905	105,955	107,860
Spaghetti meat products...	2,151	107,477	109,629
Tongue (not pickled)	535	1,927	2,462
Vinegar pickled products...	9,042	16,621	25,664
Sausage...	2	8,887	8,889
Hamburger...	3,625	32,269	35,893
Soups...	20,660	407,468	428,163
Sausage in oil...	5,000	3,861	8,861
Tripe...	3	4,170	4,173
Brains...	30	2,563	2,632
Loins and picnics...	30,309	1,003	31,372
All other products 20% or more meat...	6,029	93,942	100,571
All other products less than 20% meat (except soup)...	6,615	251,904	258,519
Total all products.	481,888	1,587,246	2,069,134

Columns do not add to totals shown in all cases since rounded figures are used. Amounts packed for defense are not included in these items. Total production, including quantities for defense agencies, was 2,138,840,000 pounds.

Stocks of Canned Foods on Oct. 1 and Season Shipments

Reports on cannery stocks of canned apples, applesauce, asparagus, and peas on October 1 and season ship-

ments to that date have been issued by the N.C.A. Division of Statistics.

	Carry- over month	Supply Case basis	Cannery Stocks Oct. 1		Season Shipments to Oct. 1	
			1957-58	1958-59	1957	1958
Apples...	Sept.	6/10	1,359	1,400	1,092	1,104
Applesauce...	Sept.	actual	5,842	6,221	4,171	4,515
Asparagus...	March	actual	8,613	9,185	4,418	4,367
Peas...	June	actual	41,708	41,605	29,716	31,338
			(thousands of cases)			

**Canned Foods Purchased
by MSSA from 1957 Pack**

Following is a summary of canned foods of the 1957 pack purchased by the Military Subsistence Supply Agency on an annual purchase basis for the armed forces:

CANNED VEGETABLES

	1956 pack	1957 pack	Per- cent change (thousands of pounds)	1956
Asparagus.....	3,541	812	-77	
Beans, lima.....	11,047	8,814	-20	
Beans, snap.....	20,450	17,274	-16	
Bean sprouts.....	1,372	150	-88	
Beets.....	10,851	3,567	-67	
Carrots.....	5,642	3,161	-44	
Catsup, tomato.....	25,280	21,828	-13	
Chili sauce.....	1,950	1,725	-12	
Corn, cream style.....	10,284	7,182	-30	
Corn, whole grain.....	19,073	15,200	-24	
Peas.....	25,457	21,360	-15	
Potatoes, sweet.....	11,291	17,263	+53	
Pumpkin.....	2,024	1,894	-6	
Sauerkraut.....	7,836	6,193	-21	
Spinach.....	5,150	1,125	-78	
Tomatoes.....	39,335	30,765	-22	
Tomato paste.....	11,764	9,187	-22	
Tomato puree.....	1,094	
Total.....	220,341	167,529	-24	

CANNED FRUITS

	1956 pack	1957 pack	Per- cent change (thousands of pounds)	1956
Apples.....	17,634	4,900	-72	
Applesauce.....	5,715	10,125	+77	
Apricots.....	5,767	7,254	+26	
Blackberries.....	3,081	3,283	+7	
Blueberries.....	1,105	1,729	+56	
Cherries, RSP.....	7,343	7,694	+5	
Cherries, sweet.....	3,942	
Cranberry sauce.....	4,150	3,229	-22	
Figs.....	1,873	2,350	+20	
Fruit cocktail.....	8,196	11,429	+39	
Grapefruit.....	3,388	546	-84	
Peaches.....	21,236	19,385	-9	
Pears.....	15,561	10,910	-30	
Pineapple.....	26,374	15,481	-41	
Plums.....	3,214	3,139	-2	
Total.....	128,579	101,354	-21	

CANNED JUICES

	1956 pack	1957 pack	Per- cent change (thousands of pounds)	1956
Apple.....	4,273	6,178	+45	
Grape.....	1,682	2,438	+45	
Grapefruit.....	4,070	4,283	+5	
Grapefruit and orange.....	8,306	
Orange.....	9,096	5,905	-35	
Pineapple.....	20,374	10,688	-50	
Tomato.....	35,368	16,950	-52	
Total.....	89,172	46,452	-48	

**Economic and Business Factors
Affecting Agriculture**

Economic activity continued to improve during September. The government's statistical measurements of business indicated improvement in virtually all areas except retail sales.

The dollar value of retail sales, which had risen each month beginning in June, declined during September to about the level recorded for June. Compared with a year ago, however, retail sales of nondurable goods were up 2 percent, and so were retail prices as measured in the BLS index.

Unemployment fell by 600,000. The drop was described by the Labor Department as much larger than usual for this time of year. The total unemployed was at its lowest level for the year thus far. Hiring was especially brisk in automobile plants and steel mills and among producers of home appliances.

However, because of the customary September withdrawal of students from the labor market and an early autumn lull in farm activity, total employment dropped by 700,000 to 64.6 million.

Consumer incomes were slightly higher in September than a month earlier. Industrial production was up slightly from August, but still below levels of a year ago. Construction outlays were greater than during the preceding month and during the same month last year, the greatest percentage gains being reported for public buildings and sewer and water systems.

Clinton W. Davis

Clinton W. Davis, 70, retired president of the Portland Packing Company, died October 15 at his home in suburban Portland, Maine.

He had served as president and director of the firm, one of the first canning companies in Maine. Founded in 1859, it had operated canning plants in as many as 20 communities at one time, but went out of business in 1954.

Mr. Davis took an active part in N.C.A. affairs. He was a member of the Board of Directors, 1935-37, and served on the Administrative Council from 1948 through 1954. He had been a president of the Maine Canners Association, and also was prominent in Portland as a director of a bank and telephone company.

The BLS index for all consumer items, at 123.7, showed no change from August. The index for all foods declined 0.4 index points but the index of retail prices for canned foods increased during September by 0.5 index points. Eleven of the 15 canned food items in the index showed retail price increases. Greatest increases among the canned products were reported for orange juice, up 5 percent, and peaches, up 1 percent. The four canned products for which price declines were reported were tomatoes, peas, salmon, and tomato soup.

Following are some of the principal economic factors affecting agriculture and business:

	Change from Sept. Month Year 1958 ago ago	(percent)
Industrial production (1947-49 = 100) total.....	137	+ 1 - 5
All manufactures.....	139	+ 1 - 5
Durable goods.....	144	0 - 10
Nondurable.....	134	+ 1 + 2
Construction outlays (\$ million) total.....	4,185	+ 2 + 3
Public construction.....	1,289	+ 2 + 7
Unemployment (millions).....	4.1	- 13 + 58
Employment (millions).....	64.6	- 1 - 2
Nonagricultural.....	58.4	(b) - 1
Income and spending (\$ billion):		
Personal income.....	357.5	(a) + 2
Nonagricultural.....	340.6	(a) + 1
Agricultural.....	16.9	0 + 10
Retail sales, total.....	16.6	- 2 - 2
Durable goods.....	5.1	- 1 - 1
Nondurables.....	11.4	- 2 + 2
Prices (1947-49 = 100):		
Wholesale, all items.....	119	0 + 1
Processed foods.....	111	0 + 5
Retail, all items.....	123.7	0 + 2
All foods.....	120.3	(b) + 3
All canned foods.....	109.4	(a) + 5

(a) Increased less than one-half of 1 percent.

(b) Decreased less than one-half of 1 percent.

N.C.A. Laboratory Represented

Frank C. Lamb of the N.C.A. Berkeley Laboratory staff addressed members of the Western Agricultural Chemicals Association at their annual meeting at San Mateo, Calif., October 15. Mr. Lamb emphasized the need for close cooperation of canners, growers, and chemical manufacturers with state and federal agencies in the development of satisfactory pest control procedures. He stated that canners recommend that growers follow the recommendations of their state experiment stations in the use of pesticides. The need for continued research on better control procedures, further study of the effects of pesticides on flavor, and exploration of new methods of residue determination were emphasized, and it was pointed out that these problems can be solved only through cooperative effort.

Florida Canners Association

Frank J. Poitras of Plymouth Citrus Products Cooperative, Plymouth, was elected president of the Florida Canners Association at its 27th annual meeting October 16-18.

Jerry Brown of Florida Food Products, Inc., Eustis, was elected first vice president and H. E. Apple, Jr., Birds Eye Division of General Foods Corp., Winter Haven, second vice president. Harry Cragg, Minute Maid, Orlando, was elected treasurer. C. C. Rathbun, Winter Haven, was continued in office as executive secretary.

USDA Proposes To Amend Poultry Inspection Rules

The Agricultural Marketing Service of USDA has published in the *Federal Register* of October 18 a proposal for amending the poultry inspection regulations. The proposal would establish rules for granting exemptions from inspection; change the procedure with respect to shipment after January 1, 1960, of nonfederally-inspected poultry processed prior to that date; specify records of interstate shipments that are required; set forth import requirements; and make minor changes in the program.

SHIPMENTS AFTER JANUARY 1

Under the USDA proposal, each shipment after January 1, 1960, of non-federally-inspected poultry processed prior to that date would have to be accompanied by a certificate.

EXEMPTIONS

The Poultry Products Inspection Act authorizes USDA to provide exemptions from inspection, until July 1, 1960, when "it would be impracticable to provide inspection and the exemption will aid in the effective administration" of the Act.

Under the USDA proposal, USDA might exempt certain operations from inspection but not from sanitation and marking requirements. Among the categories for which a temporary exemption might be granted, upon application being made, would be processing operations of limited volume or of intermittent or irregular nature.

The proposed regulation points out that the sale of an exempted product which is unwholesome or adulterated is a criminal offense and punishable under the Act.

REPORTS ON ASSOCIATION ACTIVITIES

Research Laboratories

Microanalytical tests are among the most extensively used tools of the Food and Drug Administration for the detection of violations of the Federal Food, Drug, and Cosmetic Act. The food industry also makes use of microanalytical tests in analyzing food ingredients and maintaining the purity of the finished product.

As an aid to the industry the Research Laboratories of the N.C.A. have Microanalytical Divisions which conduct research on new procedures and serve as a source of independent and authoritative microscopic checks on the products of member canners. Service and consultation is given in individual members' problems. This sometimes includes the evaluation of lots involved in regulatory action where contamination with mold or extraneous matter is alleged. Often it is possible to show to the satisfaction of the authorities that at least part of the lot in question can properly be released for consumption.

Microanalytical services also cover surveys of microcontaminants in ingredients and canned products. In these surveys, participating members furnish periodic summaries of their microanalytical quality control results. These are coded and tabulated by Laboratory personnel, then reported to the participating firms, each being informed of only its own code symbol. These compilations, while

they do not supply an absolute measure of satisfactory conditions, allow each company to compare its results with those of others making similar tests on like materials.

Schools for the instruction of industry personnel in microanalytical methods are conducted annually by the Berkeley Laboratory at Berkeley, Calif., and Ogden, Utah, and by the Washington Laboratory at Lafayette, Ind., and Geneva, N. Y. Except for the Berkeley school, these are sponsored by the local canners association in each case. They represent a service to all canners in the area, and students come from even greater distances. The need for training technicians is a continuing one because of the heavy turnover in their seasonal employment. This year at these schools 125 students were given instruction in the Howard mold count method, and 63 students were instructed in the detection of extraneous matter in comminuted products.

A large number of samples are examined for the Claims Division. Cooperation also is given to other N.C.A. Laboratory divisions. The Sanitation Division is assisted in the examination of samples collected in sanitation surveys and on the West Coast in the presentation of *Drosophila* control methods at the sanitation conferences, eight of which were held during the current year.

TABLE OF CONTENTS

	PAGE
Agricultural Policy	PAGE
Bankers report on trends affecting agricultural credit	309
Association Activities	PAGE
Reports on Association activities: Research Laboratories	312
Business Indicators	PAGE
Economic and business factors affecting agriculture	311
Death	PAGE
Clinton W. Davis	311
Food Regulation	PAGE
Voluntary food law actions	309
Inspection	PAGE
USDA proposes to amend poultry inspection rules	312
Personnel	PAGE
Florida Canners Association	312
Procurement	PAGE
Apple products for USDA	309
Canned foods purchased by MSSA from 1957 pack	311
Publicity	PAGE
USDA plentiful foods list	309
Research	PAGE
Dr. Somers delivers paper at Dietetic Association meeting	309
N.C.A. Laboratory represented ..	311
Statistics	PAGE
Stocks of canned foods on Oct. 1 and season shipments	310
Utilization of potatoes	310
Meat canned in fiscal 1958	310